

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 23-10063-shl

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5 In the Matter of:

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7 GENESIS GLOBAL HOLDCO, LLC,

8

9 Debtor.

10 - - - - - x

11 United States Bankruptcy Court

12 300 Quarropas Street, Room 248

13 White Plains, NY 10601

14

15 February 8, 2024

16 11:04 AM

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21 B E F O R E :

22 HON SEAN H. LANE

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: ALIANNA PERSAUD

1 HEARING re Omnibus Hearing

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3 HEARING re Doc. #1253 Notice of Agenda

4

5 HEARING re Doc. #1060 Debtors' Seventeenth Omnibus Objection

6 (Non-Substantive) To Certain Claims Pursuant to 11 U.S.C.

7 502 and Fed R. Bankr. P. 3007 (No Liability) [REDACTED]

8

9 HEARING re Doc. #1141 Debtors' Nineteenth Omnibus Objection

10 (Non-Substantive) to Certain Claims Pursuant to 11 U.S.C.

11 Sec. 502 and Fed. R. Bankr. P. 3007 (No Liability and

12 Insufficient Documentation)

13

14 HEARING re Doc. 1142 Debtors' Twentieth Omnibus Objection

15 (Non-Substantive) to Certain Claims Pursuant to 11 U.S.C.

16 Sec. 502 and Fed. R. Bankr. P. 3007 (Duplicate)

17

18 HEARING re Doc. # 1120 Debtors' Eighteenth Objection (Non-

19 Substantive) to Certain Claims Pursuant to 11 U.S.C. Section

20 502 and Fed. R. Bankr. P. 3007 (Co-Liability Contingent)

21

22 HEARING re Doc. 999 Debtors' Seventh Omnibus Objection (Non

23 -Substantive) to Certain Claims Pursuant to 11 U.S.C. 502

24 and Fed. R. Bankr. P. 3007 (Modify and Allow as Modified)

25 [REDACTED] Re: Claim Nos. 402 and 405

1 Transcribed by: Sonya Ledanski Hyde

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10 ALSO PRESENT TELEPHONICALLY:

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12 ELIZABETH BEITLER

13 ROBERT DERMODY

14 ERIN DIERS

15 SHAWN GILHOOLEY

16 BUSTER GORMAN

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18 KEN LUKASZEWSKI

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15 CATHY TA
16 KATE THOMAS
17 GEMMA TUNG
18 MICHAEL WEINBERG
19 TIM WOLFE

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1 P R O C E E D I N G S

2 THE COURT: All right. With that, it is a few
3 minutes after 11:00, so we'll proceed with the 11:00
4 calendar. And that consists of the Genesis Global Holdco
5 LLC Chapter 11 case and omnibus hearing.

6 And so we'll start as we always do with
7 appearances. So first let me get the appearance from the
8 Debtor.

9 MR. BAREFOOT: Good morning, Your Honor. Luke
10 Barefoot from Cleary Gottlieb Steen & Hamilton for the
11 Debtors. And I'm joined today by my colleagues, Deandra
12 Fike, Andrew Weaver, and David Schwartz.

13 THE COURT: All right. Good morning. And let me
14 get the appearance from the Official Committee of Unsecured
15 Creditors.

16 MR. WEST: Good morning, Your Honor. Colin West
17 of White & Case on behalf of the Official Committee.

18 THE COURT: All right. And on behalf of Gemini
19 Trust Company?

20 MR. FRELINGHUYSEN: Good morning, Your Honor.
21 Anson Frelinghuysen, Hughes Hubbard & Reed, for Gemini Trust
22 Company.

23 THE COURT: All right. On behalf of Digital
24 Currency Group?

25 MR. WESNESKI: Good morning, Your Honor. Joshua

1 Wesneski of Weil Gotshal & Manges on behalf of Digital
2 Currency Group.

3 MS. LIOU: Your Honor, as well as Jessica Liou and
4 Furqaan Siddiqui appearing on behalf of Digital Currency
5 Group as well. And Furqaan Siddiqui appearing on behalf of
6 Barry Silbert.

7 THE COURT: All right. And on behalf of the Ad
8 Hoc Group of Genesis Lenders?

9 MR. SAZANT: Good morning, Your Honor. Jordan
10 Sazant of Proskauer Rose on behalf of the Ad Hoc Group of
11 Genesis lenders.

12 THE COURT: All right. And as is always the case,
13 there are pages and pages of appearances. And rather than
14 go through each one of those, at this point I will throw an
15 open to other folks who need to make an appearance. And
16 again -- so let me find out who else is here. Well, I do
17 see somebody from the U.S. Trustee's Office. Let me get
18 that appearance.

19 MR. VELEZ-RIVERA: Good morning, Your Honor. Andy
20 Velez-Rivera for the U.S. Trustees.

21 THE COURT: All right. Good morning. Anyone else
22 who needs to make an appearance?

23 MR. HOLLEMBEAK: Good morning, Your Honor. Jeremy
24 Hollembeak from the law firm of Baird Holmes on behalf of
25 claimants holding claims 402 and 405.

1 THE COURT: All right, good morning. Anyone else?
2 All right. So with that, I will turn it over to Mr.
3 Barefoot to start us off on perhaps with a status. We are
4 less than a week away from the scheduled confirmation date.
5 I did see a list of witnesses. So perhaps just as a matter
6 of status it's worth discussing what things look like for
7 next week.

8 MR. BAREFOOT: Your Honor, we have along with all
9 the other professionals in this case been working diligently
10 towards the confirmation hearing. There is one housekeeping
11 matter with respect to that that we were going to hold until
12 the end. Would you prefer that we address that now while we
13 are talking about confirmation?

14 THE COURT: Well, I think since everybody who is
15 here is interested parties on that. And perhaps they may
16 pop off at some point when dealing with the claims
17 objections.

18 MR. BAREFOOT: Sure.

19 THE COURT: So we might as well deal with it now.

20 MR. BAREFOOT: Sure. I'll turn it over to Mr.
21 Weaver then, Your Honor.

22 MR. WEAVER: Good morning, Your Honor. Andrew
23 Weaver, Cleary Gottlieb Steen & Hamilton, on behalf of the
24 Debtors.

25 As Mr. Barefoot said, we are working towards and

1 the employees are all working together trying to get all of
2 the work that needs to happen to be able to have a hearing
3 next week.

4 One housekeeping question we just wanted to
5 confirm with the Court. We believe we understand the
6 Court's preference, but the parties were not expecting to
7 make opening statements at this time in the hearing. We
8 were expecting to begin with the evidence before moving on
9 to argument. But if the judge would prefer any type of
10 opening statements, obviously the parties would be willing
11 to accommodate that.

12 THE COURT: All right. Well, let me get a general
13 sense of, if you have one, about how long you think the
14 evidentiary portion will take.

15 One of the things that is implicated by all this
16 as, as you know, there is a rule that's been promulgated by
17 the judiciary that exists about not broadcasting evidentiary
18 proceedings. And so what that means is that folks who want
19 to be part of that, you know, you have to be in the
20 courtroom for that.

21 So it does mean that what we've been trying to do,
22 I think myself and other judges as well, to be as clear as
23 possible as to when we're doing evidence and when we're not
24 doing evidence. Because certainly people are permitted to
25 hear argument and all that good stuff.

1 So the sequencing, I think there's no one right
2 way to do it. So I'm open to suggestions on that. But
3 particularly sensitive to the fact that there are usually
4 quite a few people who login to Zoom to listen to these
5 hearings. So I'm open to suggestions. But I guess we'll
6 start with the brass tacks, which is I did see the witness
7 list and that had I think a total of seven witnesses on it.
8 And that's -- I wasn't sure if that was the witnesses of all
9 parties. So, Mr. Weaver, what can you tell me about what
10 you anticipate?

11 MR. WEAVER: Thank you, Your Honor. So that is
12 the list of witnesses that the parties who either objected
13 or the Debtors (indiscernible) have designated. So it is
14 our understanding that this is a complete witness list. And
15 so our expectation as a general matter, we really see two
16 pieces of evidence that will be a part of the hearing.
17 There will obviously be the exhibits. And as I think we've
18 communicated to chambers, we are working with the parties to
19 finalize joint exhibits. I'm hoping to deliver those to
20 chambers on Monday morning. So they'll be up to the exhibit
21 part of the hearing and then the testimony.

22 How long the witnesses will take is hard to
23 predict, Your Honor. I think as a general matter, I would
24 expect there would probably be a day full of evidence. And
25 whether or not that evidence would spill over to a second

1 day, it's hard to predict. But it certainly could be the
2 case. And then proceeding on to argument. So it's hard to
3 say. I know that we've --

4 THE COURT: All right. No, no, that's fine. So it
5 sounds like we'll definitely use that day on the 14th for
6 evidence. So maybe the thing to do is, again, what you all
7 prefer, but maybe to have short openings by the interested
8 parties, say no longer than 15 minutes and sort of set the
9 stage at that point when we turn to evidence and we'll turn
10 the Zoom off with the understanding that it would be off for
11 the rest of the day as we did evidence and then we would
12 resume argument the next day, I think 11:00, I'll double
13 check on that, as the time to resume.

14 And so at least then no matter what we do today, I
15 imagine there may be people who tune in for the confirmation
16 are tuning in today. So at least if we have the openings,
17 people will get the sense of what's going on and then, you
18 know, won't be able to stay on for the evidence, but then
19 we'll be able to get some direction about when to log back
20 in, which would be the next day.

21 Does that make sense to you, Mr. Weaver?

22 MR. WEAVER: Your Honor, it does. And obviously
23 there's certainly a chance that the evidence would carry
24 over. But we could obviously deal with that
25 (indiscernible).

1 THE COURT: That's exactly right. That's exactly
2 right.

3 But one thing I will say is 15 minutes really
4 means 15 minutes. I always feel like brevity is the soul of
5 wit, as the bard says. So it's really -- the short --
6 people reserve their rights to marshal the evidence at the
7 close of the evidence to wrap everything up. And that's
8 fine. That's really the place to give the more exhaustive
9 view of your case, what the opening really is. And again,
10 I'm giving away ice in the winter here, is to give the bones
11 of what your position is so that people have a sense and I
12 will have a sense of as I hear testimony how it fits with
13 the overall view. But that's a roadmap. And so the 15
14 minutes is really what I would urge the parties to do. And
15 otherwise we'll have hijack the trial day if it goes longer
16 than that. So I will -- I assume people would like to make
17 an opening, and so I'll let you do that. But I reserve the
18 right to look at my watch proverbially, because I don't wear
19 one. But there is a clock over there. Just to keep people
20 on track that way.

21 MR. WEAVER: Sure. And we'll communicate that to
22 all the parties in case folks are not here today as we
23 continue to work through the exhibits, et cetera. And we'll
24 make sure everyone is aware of the Court's preference there.

25 THE COURT: All right. Anything else as to the

1 confirmation hearing?

2 MR. WEAVER: That was the only item that we had,
3 Your Honor. (indiscernible) next week.

4 THE COURT: All right. I do have one. I did see
5 the witness list and looked at it. And I saw that there are
6 five specific individuals mentioned and then there's two
7 witnesses identified as Crypto Creditor Group Declarant
8 Number 1 and Declarant Number 2.

9 MR. WEAVER: Yes.

10 THE COURT: And people have -- the identity has
11 been redacted through request of their counsel. I think the
12 opinion about redaction makes very clear that if you decide
13 to step forward and be heard in the case, that you cannot
14 any longer cloak yourself in anonymity. And so that's
15 pretty clear in the opinion. And so I just want to take
16 this opportunity to get that message out to folks. So there
17 needs to be an amended witness list that's provided that
18 identifies who are the intended declarants. And we're not
19 going to have that under seal. That's just not appropriate.
20 And I think my view about that is the same as other judges.
21 I think I remember reading a transcript in the FTX case
22 where the judge there also had a similar view. If you
23 decide that you wish to be heard on a substantive issue,
24 that's your right, but we don't conduct substantive matters
25 under the cloak of anonymity.

1 So that's -- I just want to get that out there so
2 people understand. And that amended witness list should be
3 filed in the next 24 hours just so everybody knows who is
4 going to be a witness. Obviously I assume all of you know,
5 but again, that's just sort of the way it goes. I don't
6 know if anybody has any questions about that? All right.

7 MR. WEAVER: Your Honor, we will of course file
8 witness statement today consistent with your request --

9 THE COURT: Well, I understand you've got to talk
10 to the crypto creditor group because I know that they are
11 the ones who asked for that to be under seal.

12 MR. WEAVER: Correct.

13 THE COURT: I don't know if there's anybody here
14 from the crypto creditor group in terms of receiving that
15 message. All right. So it doesn't appear to be the case.
16 So if you would pass that along. Obviously, you know, they
17 might decide, as is contemplated by the opinion, that it's a
18 calculus to their privacy and their desire to participate.
19 So I don't want -- obviously don't file anything that
20 publishes their names until they make the decision that
21 that's what they want to do and they're aware. And that's
22 fine, people can make their decisions in life, and that's
23 all appropriate. But you can certainly pass along that
24 information.

25 MR. WEAVER: We will, Your Honor. And related to

1 that, just so we're clear -- I think I hear you clearly, but
2 all witnesses -- and frankly this relates to these same two
3 witnesses -- all witnesses are required to appear in-person
4 in court. Correct, Your Honor?

5 THE COURT: Oh yeah. We all I think had trial
6 experiences during COVID that were remote, and I think those
7 were among the least favorite parts of COVID. COVID had
8 lots of parts that weren't so good, but that was among my
9 least favorite parts of COVID. It's just a terrible -- it
10 was necessary, but it was a terrible, terrible idea that,
11 again, was what we all had to do to survive and keep the
12 line moving of cases.

13 But yes, witness testimony is in-person, sitting
14 in that chair. And that's the best way to do it. So that's
15 what we will do. Everything is in-person.

16 And, frankly, also I'll benefit greatly from
17 hearing the arguments in-person. Trying to have a dialogue
18 on Zoom on complicated issues can really not necessarily
19 work so well. I know you all have your own experiences on
20 that. But conversations usually end up having people sort
21 of interrupt each other as they sort of follow up on points.
22 And it's just much easier to do that in-person.

23 All right. Anything else on logistics of the
24 confirmation hearing?

25 MR. WEAVER: Nothing else from the Debtors, Your

1 Honor. We appreciate the clarity and notifications.

2 THE COURT: All right. Thank you very much. All
3 right. So with that, I will -- we can turn to the agenda
4 and Mr. Barefoot.

5 MR. BAREFOOT: Thank you, Your Honor. Turning to
6 today's agenda, which is entirely related to claims
7 objections matters, we did file an agenda on Tuesday at
8 Docket Item 1253. And unless Your Honor has any contrary
9 preference, I would propose that we just proceed in the
10 order of that agenda.

11 THE COURT: Well, I actually do have a preference.
12 I wanted to jump to the seventh omnibus claim objection
13 first. Because we had a lot of discussions about bandwidth
14 and trying to get things done. Obviously I haven't even
15 gotten a complete record yet on briefing on confirmation. I
16 have a lot of objections. And, frankly, there's a lot of
17 information yet to be provided. So we've had discussions
18 about things like the basis for releases. There's a lot of
19 objections about releases. And so no one is really getting
20 the full story about that until papers that have not yet
21 been filed. So there's a lot of work to do. It's almost
22 like for certain of these issues that somebody decided that
23 the summary judgment opening briefs should get filed at the
24 very end of the process. So I have a lot of -- there's a
25 lot of things to do. And I think the general tenor of my

1 comments is I don't know what your claim objections look
2 like. We'll see how it goes. But I wanted to avoid having
3 an extensive issue added to the list of things to do.
4 Obviously you saw there was an opinion issue last night.
5 We've been working on that. And I really need to turn to
6 confirmation.

7 I read everything, but it just confirmed for me
8 that any case where I have a sur-reply tells me something
9 about the nature of whether it's complicated or not and
10 whether parties have strong views about it.

11 And so also for the objection I note that I
12 couldn't -- I'm just going to lay out my concerns and you
13 can sort of see where I'm coming from. It's a books and
14 records objection, but it's pretty clear the issue is how
15 the debtors calculate the claims versus how the other folks
16 calculate the claims. I know that the issue of interest is
17 the issue for 402 and 405. But I'm not sure what the issue
18 is for 55 for the other claim that filed the response, which
19 I think was 636 and what actually the calculation is, what's
20 the delta, what's it based on. Is it all interest, the same
21 interest, the annual question, or is it something else?

22 And so all in all it's a mess. And so it's the
23 kind of thing that in getting ready for confirmation next
24 week is not the kind of thing that in terms of time
25 management and trying to sequence things I think is

1 appropriate to address today. Because one, I think there
2 are some complicated issues. And two, I think there's a lot
3 of questions I have that things need to be clear. I don't -
4 - the objection stuff is very vanilla books and records.
5 But I don't know where the differences are and how people
6 calculate the differences, what the numbers are, what the
7 deltas are, why those deltas exist.

8 And so I need to know that because a books and
9 records objection just as a general matter just means it
10 becomes a contested matter because I don't have anything
11 here substantively that allows me to say that's exactly how
12 it's supposed to be done.

13 And so that's where I am. So I don't really know
14 what the issue is for Claim 55, Claim 636, and even for the
15 other claims what's the basis for the calculation. The
16 general books and records statement just doesn't give me
17 that. So I didn't want people hanging around for Claim
18 Objection 7 thinking we're going to have this big argument,
19 because I just don't think we're ready to do that.

20 MR. SCHWARTZ: Your Honor -- sorry, go ahead.

21 MR. BAREFOOT: Go ahead, Mr. Schwartz.

22 MR. SCHWARTZ: Your Honor, David Schwartz on
23 behalf of the Debtors at Cleary Gottlieb. So with respect
24 to the Seventh Omnibus, I think we hear exactly what you're
25 saying.

1 Just to clarify, with respect to Claims 55 and
2 636, the objection has been withdrawn with respect to those
3 claims. So those claims are no longer subject to the
4 Seventh Omnibus Objection. And so the only contested matter
5 is with respect to 402 and 405. But I think the Debtors
6 hear exactly what you're saying. And if Your Honor would
7 prefer to sort of kick this until after confirmation, that's
8 no problem for the Debtors. We're also happy to --

9 THE COURT: Yeah. And again, I think I was trying
10 to -- and maybe I didn't do this clearly enough, so my
11 apologies if that was the case. Sometimes I'm a little too
12 subtle on these things. But my general view was the concern
13 about bandwidth in terms of having the case move forward and
14 prioritizing things and I didn't sort of set a general we're
15 not doing any claims objections because I don't know what
16 claims you're going to tee up. Right? And there are
17 certain ones you just say, hey, this is not -- this is low-
18 hanging fruit, Judge, but it's important. And if we can --
19 move the line. So that's why. I know we're all trying to
20 walk that line. And so for purposes of that, that's fine.

21 So what I would say is why don't we think about
22 another date. I know there's another date in March. And so
23 I guess what you're saying is the only thing -- so 55 and
24 636 are adjourned. Or not adjourned, they are withdrawn?

25 MR. SCHWARTZ: Withdrawn, yes, Your Honor. And I

1 can give you the docket numbers for the withdrawals if
2 that's helpful.

3 THE COURT: Yeah, that would be helpful.

4 MR. SCHWARTZ: Yeah. For 636 it's ECF 1151 and
5 for Claim 55, ECF 1143.

6 THE COURT: All right. Yeah, I don't think that's
7 reflected on the agenda. So...

8 MR. SCHWARTZ: Apologies for that, Your Honor.

9 THE COURT: Yeah. So again, because I get ready
10 for these things. I don't want to do this today, but I've
11 looked at everything. So again, that's a bandwidth problem.
12 So we'll pick a date. I guess we can pencil it in for
13 March, the March date if you want. Or if you want to pick
14 another date, let Ms. Ebanks know.

15 MR. SCHWARTZ: Okay. I think we have counsel for
16 402 and 405 on the line. I think March 6th works for the
17 Debtors if it works for counsel to those claimants.

18 THE COURT: Mr. Hollembeak, any thoughts about
19 March 6th?

20 MR. HOLLEMBEAK: Yes, Your Honor. I'll pull up my
21 calendar in a second. I just wanted to say though -- again,
22 it's Jeremy Hollembeak of Baird Holmes, counsel for
23 claimants holding claims 402 and 405.

24 My claimants' concerns about going forward
25 quickly, and I said this the last time we were there, are

1 that we may miss out on additional distributions. Obviously
2 there is a dispute as to a portion of our claims, but --

3 THE COURT: Well, there's a dispute -- so here's
4 the thing. Short of cloning technology, I can only do one
5 thing at a time. And so there was an opinion issued in this
6 case last night on one issue. And I've issued two other
7 opinions within the last two-week span on other cases. So I
8 understand how important it is, and we'll do our best to get
9 to it as promptly as we can. But certainly I don't think
10 anything bars an initial distribution of uncontested
11 amounts. So that's sort of the best we can do.

12 MR. HOLLEMBEAK: Thank you, Your Honor. And just
13 to clarify, I think the plan does explicitly provide for
14 bifurcation of claims when only a portion of them is
15 objected to. But that's not something that (indiscernible)
16 reached agreement with with the Debtor's counsel yet.

17 THE COURT: Well, if the plan provides for it, I
18 don't think there's a need for agreement if that's what the
19 plan provides for.

20 MR. SCHWARTZ: Your Honor, David Schwartz. I
21 think we disagree with Mr. Hollembeak about what the plan
22 provides for with respect to contested claims. Having done
23 a few claims objections, I think when there is an objection
24 to a claim, it's not typical that you sort of bifurcate it.
25 You go forward with the objection --

1 THE COURT: All right. I'm going to let you talk
2 about this, because this gets into the bandwidth problem
3 again.

4 MR. SCHWARTZ: Yes.

5 THE COURT: So you'll figure it out. And if you
6 have a dispute about it, then I'll deal with the dispute,
7 but I'm not going to deal with it today.

8 MR. SCHWARTZ: Absolutely understood, Your Honor.

9 THE COURT: Because we've got a confirmation
10 hearing to get ready for. All right. Again, Mr. Hollembeak
11 has no -- not trying to sleight your client in any way,
12 shape, or form. But there is no distributions to anybody
13 unless we get to confirmation. And confirmation is sort of
14 a fragile agreement with everybody on the same track. And
15 pushing that off is far more problematic than pushing off
16 any particular party that has a particular issue. As they
17 say in Star Trek, those words of wisdom, the needs of the
18 many outweigh the needs of the few or the one.

19 So I promise we will get to the claim objection.
20 We'll resolve it. And so let's pencil it in for March 6th.

21 MR. SCHWARTZ: Great. We will put a notice on the
22 docket.

23 THE COURT: All right. And I wanted to address
24 this now, Mr. Hollembeak, so you're not hanging around
25 waiting for us to get through the rest of the agenda only to

1 find that we're not ready to deal with it today.

2 MR. HOLLEMBEAK: I appreciate it, Your Honor.

3 MR. SCHWARTZ: Thank you, Your Honor.

4 THE COURT: All right. So thank you for that. So
5 with that, I think we can move to the front of the agenda
6 and move forward.

7 MR. SCHWARTZ: Very good, Your Honor. I'll turn
8 the podium over to my colleague, Ms. Fike.

9 THE COURT: All right. Thank you.

10 MS. FIKE: Good morning, Your Honor. Deandra Fike
11 of Cleary Gottlieb on behalf of the Debtors. And I'll be
12 presenting the uncontested portion of the agenda which
13 corresponds to the Debtor's 17th through 20th omnibus claims
14 objections.

15 And I'll turn first to the 17th omnibus objection,
16 which is Item 1 on the agenda filed at Docket 1060 and
17 located at Tab 10 of Your Honor's binder.

18 As Your Honor may recall, the objection relates to
19 claims for which the Debtors assert they have no liability
20 because the amount claimed is not reflected in the debtor's
21 books and records and the claimant did not provide
22 sufficient supporting documentation to assert a prima facie
23 valid claim. The majority of the objection was granted
24 during the January 18th hearing and the objection is before
25 Your Honor today solely with respect to claim numbers 213

1 and 291.

2 Before moving forward with walking through these
3 objections, I would like to move the supplemental
4 declaration of Paul Kinealy at Alvarez & Marsal North
5 America LLC, or A&M, filed at ECF 1152 and located at Tab 11
6 of Your Honor's binder into the record.

7 THE COURT: All right. Any objection from any
8 party? All right. That is received for purposes of today's
9 hearing.

10 MS. FIKE: Thank you, Your Honor. Mr. Kinealy is
11 on the line should you have any questions for him.

12 THE COURT: All right. Happy to have him here.
13 Thank you for being here, Mr. Kinealy.

14 MS. FIKE: The Debtors object to claims 213 and
15 291 on the grounds that the Debtors are not liable for such
16 claims. Based upon a review of the claims and the Debtor's
17 books and records by the Debtors and their financial
18 advisors, the Debtors have determined the covered claims
19 first are not reflected in the Debtor's books and records,
20 and second, fail to sufficiently specify the basis for the
21 claim or do not include sufficient documentation to
22 ascertain the validity of the claim.

23 AS further detailed in the Kinealy supplemental
24 declaration, the supporting documentation for claims 213 and
25 291 showed certain account statements related to an

1 investment platform called Donut and did not provide any
2 evidence of a direct relationship with the Debtors to
3 support the alleged liability.

4 At the January 18th hearing, although the 17th
5 omnibus was proceeding uncontested, per the request of the
6 Ad Hoc Group, the Debtors consented to adjourn the objection
7 with respect to the two claims to today's hearing in order
8 to provide the Ad Hoc Group additional time to review the
9 claims given their relation to Donut, which is a member of
10 the Ad Hoc Group.

11 And after further discussion with the Ad Hoc
12 Group, all concerns regarding the claims have since been
13 resolved and the objection is again before Your Honor
14 uncontested with respect to Claims 213 and 291.

15 And barring any questions from Your Honor,
16 pursuant to Rule 3007 and the claims procedures order, the
17 Debtors request that Claims 213 and 291 be disallowed in
18 full and expunged from the register to avoid improper
19 recoveries against the Debtor's estates.

20 THE COURT: All right. Thank you for your
21 presentation, Counsel.

22 Anything from the Ad Hoc Group? All right -- go
23 ahead, please.

24 MR. SAZANT: No, Your Honor.

25 THE COURT: All right.

1 MR. SAZANT: I was just going to say nothing
2 further, Your Honor. Thank you.

3 THE COURT: Thank you. All right. Given the
4 record that's established with the supplemental declaration,
5 and I appreciate all the additional information which allows
6 me to conclude that it is appropriate to expunge these two
7 claims as not being liabilities against the debtors for all
8 the reasons that are set forth in the supplemental
9 declaration. And that is Claims 213 and 291. So that is
10 granted. Thank you very much.

11 MS. FIKE: Thank you, Your Honor. We will submit
12 the proposed order.

13 And I'll now move on to present items 2 and 3 of
14 the uncontested portion of the agenda, which correspond to
15 the Debtor's 19th and 20th omnibus claims objections which
16 are filed on the docket at ECF 1141 and 1142 and located at
17 tabs 18 and 19 of Your Honor's binder respectively.

18 And, Your Honor, as we've done during previous
19 hearings, I would propose to jointly present these
20 uncontested omnibus objections for Your Honor's
21 consideration.

22 THE COURT: Sure. Please proceed.

23 MS. FIKE: Thank you, Your Honor. These
24 objections relate to claims for which the Debtors assert
25 that they are not liable and claims that were duplicates of

1 the master claim filed by Gemini Trust Company LLC, or
2 Gemini. And again before moving forward with walking
3 through these objections, I would ask to move to introduce
4 into evidence the declarations of Paul Kinealy at A&M which
5 are attached as Exhibit B to each of the omnibus objections.

6 THE COURT: All right. Anybody wish to be heard
7 on that request? All right. Those declarations are
8 received. That objection is in support of the -- the 19th
9 and 20th omnibus claim objections.

10 MS. FIKE: Thank you very much, Your Honor. And
11 with respect to the Debtor's 19th omnibus objection, the
12 Debtors object to the claims on Exhibit 1 to the proposed
13 order on the grounds that they are not liable for such
14 claims. Based upon a review of the claims in the Debtor's
15 books and records by both the debtors and their financial
16 advisors, the debtors have determined the covered claims
17 first are not reflected in the Debtor's books and records
18 and second fail to sufficiently specify the basis for the
19 claim or do not include sufficient documentation to
20 ascertain the validity of the claim. The claims therefore
21 do not meet the standard for prima facie validity and the
22 Debtors request that they be disallowed and expunged in
23 their entirety.

24 With respect to the Debtor's 20th omnibus
25 objection, the debtors object to the claims on Exhibit 1 to

1 the proposed order on the grounds that the claims are
2 duplicates of the master claims filed by Gemini on behalf of
3 the Gemini lenders filed pursuant to authority granted by
4 this Court in the bar date order.

5 The Debtors with the aid of their advisors
6 identified such Gemini duplicate claims based on a variety
7 of information, including whether the Claimant indicated
8 that they were a Gemini lender through their proof of claim
9 or in their supplemental documents.

10 The Debtors additionally confirmed through
11 informal exchanges of information between the Debtors and
12 Gemini that all of the claims were filed by Gemini Earn
13 users. The Debtors therefore seek to disallow and expunge
14 such claims to avoid improper duplicate recoveries for the
15 same claimant against the Debtor's estates.

16 And with that, unless Your Honor has any
17 questions, pursuant to Rule 3007 and the claims procedures
18 order, the Debtors would request that the claims listed on
19 the exhibits to the proposed orders for the 19th and 20th
20 omnibus objections be disallowed in full and expunged from
21 the register.

22 THE COURT: All right. Thank you very much.
23 Anybody that wishes to be heard on the 19th or 20th omnibus
24 claim objection? All right. Hearing no response.

25 I obviously am going to apply the same burden-

1 shifting standard that's been discussed in prior claims
2 objections that we've had in this court in this case. I am
3 happy to grant the 20th omnibus claim objection as being
4 entirely appropriate given that these are duplicates of the
5 Gemini master claim. And I appreciate the coordination
6 between the Debtors and Gemini on that to make sure that no
7 one is inappropriately disenfranchised.

8 As for the 19th, it raises some of the kinds of
9 issues that we discussed in earlier claim objections, which
10 is it says no supporting information sufficient to identify
11 liability. But I don't have the claims in front of me. And
12 so it's one thing if you say, well, there's no supporting
13 documentation, okay, then it's not prima facie valid. If
14 the supporting documentation is deficient but all I have is
15 a statement that says it's deficient, I don't -- no
16 explanation. I don't really have enough to actually shift
17 the burden.

18 And so there's a couple ways. As we've done just
19 with -- in the prior claim objection the 17th is to have a
20 paragraph on the claim or attach the claims. Because then I
21 can look at them and see. For example, there's nothing here
22 that identifies a debtor. And so it's just the general
23 statement to cover all as a catchall saying no sufficient
24 information -- I'm sorry, no supporting information
25 sufficient to identify liability doesn't give me enough.

1 It's sort of the conclusion as opposed to the facts.

2 So again, a couple of ways to do it. Mr. Kinealy
3 just did it with a paragraph description of Claim 213, for
4 example. Also you can attach the claims -- and there may be
5 other suggestions as to how to do it. I'm open to the most
6 efficient way to do it. But you just need to help me to
7 help you, give me enough information so I can -- the burden
8 is appropriately shifted and I can grant the objection.

9 So if you could supplement that going forward, we
10 can put that on for March 6th as well, and we'll get those
11 squared away for the 19th. But the 20th is granted as
12 entirely appropriate under the facts and circumstances.

13 MS. FIKE: Thank you, Your Honor. And of course
14 we're happy to supplement. I will say -- we apologize for
15 this -- the misstatement in the objection itself. But I
16 have confirmed this morning with the debtor's financial
17 advisors that all of the claims on the 19th omnibus
18 objection were not filed with any supporting documentation.

19 THE COURT: All right. All right. Okay. I'm
20 going to consider Mr. Kinealy's declaration amended to say
21 no supporting information was provided. Mr. Kinealy, is
22 that accurate?

23 MR. KINEALY: Yes, Your Honor. That's accurate.

24 THE COURT: All right. Then I take back
25 everything I just said. Because without supporting

1 documentation, the proofs of claim aren't prima facie valid
2 and they don't get that entitlement. And you have come
3 forward with evidence that says that they are not
4 appropriate based on the books and records.

5 And so under those circumstances, I am happy to
6 grant the 19th omnibus claim objection, and I appreciate,
7 Ms. Fike, the updated information. And that's one of the
8 benefits of having Mr. Kinealy here, is he can confirm that
9 as an evidentiary matter, which gives me exactly what I
10 need. So the 19th omnibus claim objection is granted, again
11 applying the standards that we've discussed previously in
12 this case.

13 So we can move on to the 18th.

14 MS. FIKE: Yes. Thank you very much, Your Honor.
15 We'll make sure to make that clear in the objections of this
16 sort going forward.

17 Moving on to Item 4 on the uncontested portion of
18 the agenda, the Debtor's 18th omnibus objection, which was
19 filed on the docket at ECF 1120 and located at Tab 15 of
20 Your Honor's binder.

21 As an initial matter, I would like to move the
22 declaration of Brad Lenox of Cleary Gottlieb attached as
23 Exhibit B to the 18th omnibus objection into evidence.

24 THE COURT: All right. Anybody wish to be heard
25 on that request? All right. Mr. Lenox's declaration is in.

1 I see him on the line as well. All right.

2 MS. FIKE: Yes, Your Honor. The objection
3 addresses claims filed by Michael Morrow and Barry Silbert,
4 which claims are based on asserted rights of contribution
5 and indemnification against the Debtors.

6 Michael Morrow filed identical proofs of claim
7 against each of the debtors at Claim Number 375, 398, and
8 308, or the Morrow claims. And Barry Silbert similarly
9 filed three identical proofs of claim against each of the
10 debtors at Claim Number 72, 483, and 501, or the Silbert
11 claims.

12 The 18th omnibus objects to the Morrow claims on
13 the basis of the claims should be disallowed under Section
14 502(b) because they fail to sufficiently specify the basis
15 for the alleged liability and objects to both the Morrow and
16 Silbert claims on the basis that they should be disallowed
17 under Section 502(e) (1) (B) because they assert contention
18 claims for secondary liability.

19 Mr. Morrow then filed a response to the objection
20 on January 23rd, 2024 located on the docket at ECF 1187 and
21 is at Tab 15 of Your Honor's binder.

22 The Debtor subsequently adjourned the objection
23 with respect to the Morrow claims to the March 6th hearing.
24 The objection is therefore before Your Honor today on an
25 uncontested basis solely with respect to the Silbert claims.

1 And subsequent to the filing of the 18th omnibus
2 objection, the Debtors and counsel for Mr. Silbert have
3 engaged in good faith discussions to resolve the objection
4 with respect to the Silbert claims. And such discussions
5 culminated in the Debtor's revised proposed order which is
6 filed on the docket at ECF 1208 and located at Tab 17 of
7 Your Honor's binder.

8 In light of the adjournment of the Morrow claim to
9 the March 6th hearing, the revised proposed order solely
10 addresses the Silbert claims before Your Honor today and
11 incorporates comments from Mr. Silbert's counsel as well as
12 from the UCC.

13 In addition to removing reference to Mr. Morrow
14 and his claims, the revised proposed order explicitly
15 preserves Mr. Silbert's rights under Section 502(j) of the
16 Bankruptcy Code as well as the Debtor's and Official
17 Committee of Unsecured Creditors' defenses thereto. It also
18 eliminates certain unnecessary language and adds the
19 Committee to the general reservation of rights in the order.

20 With respect to the Silbert claims, Mr. Silbert,
21 founder and chief executive officer of DCG, was named as an
22 individual defendant in a class action complaint in the
23 United States District Court of Connecticut based upon
24 allegations of Genesis Global Capital's purported violation
25 of the Securities Act. A true and correct copy of the

1 amended complaint is included as Exhibit 1 to the Lenox
2 declaration.

3 And as further set forth in the objection and as
4 acknowledged by Mr. Silbert and his counsel, the Silbert
5 claims satisfy the three elements required under Section
6 502(e)(1)(B). First, the Silbert claims assert the Debtors
7 are liable based on claims for reimbursement or
8 contribution. Second, the Debtors are co-liaible with Mr.
9 Silbert for the underlying claims in the district court
10 action. And third, the Silbert claims are entirely
11 contingent as Mr. Silbert does not claim he has incurred any
12 costs to date in relation to the underlying claims and any
13 future costs are at this point purely speculative.

14 Again, barring any further questions from Your
15 Honor, pursuant to Rule 3007 in the claims procedures order,
16 the Debtors would therefore request the Silbert claims be
17 disallowed in full and expunged from the register.

18 THE COURT: All right. And I just want to make
19 sure I understand. So there was no objection by Mr. Silbert
20 to the 18th omnibus claim objection. And in addition to
21 that, you've worked out -- essentially this is a consensual
22 order because you've worked out language that preserves
23 certain rights going forward as an appropriate resolution of
24 the claims objection with which Mr. Silbert agrees.

25 MS. FIKE: That's exactly correct, Your Honor.

1 THE COURT: All right. Thank you very much for
2 that very clear recitation. I appreciate it. Anybody wish
3 to be heard on the 18th omnibus claim objection as to the
4 Silbert-filed claims, which I think are 472, 483, and 501?

5 MR. SIDDIQUI: Good morning, Your Honor. Furqaan
6 Siddiqui on behalf of Mr. Silbert.

7 As Ms. Fike noted for you today, the revised
8 proposed order reflects our comments as negotiated in good
9 faith with Debtor's counsel. So we have nothing further to
10 add. Thank you.

11 THE COURT: All right. Thank you very much for
12 being here. I appreciate your comments. Anyone else who
13 wishes to be heard? All right.

14 With that, I'm happy to grant the requested relief
15 that's memorialized in the revised proposed order that's
16 been submitted on the Debtor's 18th Omnibus objection. That
17 is to the Silbert claims, that is 472, 483, and 501, as
18 appropriate under all the facts and circumstances, including
19 the parties' negotiations. So that requested relief is
20 granted. And Mr. Morrow's claims have already been
21 adjourned and scheduled for March. All right. Thank you,
22 Ms. Fike. I appreciate it. Anything else?

23 MS. FIKE: Thank you very much, Your Honor. I
24 think given the postponement of the seventh omnibus, that
25 concludes everything the Debtors had put forward on the

1 agenda for today.

2 THE COURT: All right. Thank you very much. I
3 appreciate seeing younger lawyers in the courtroom doing
4 such an excellent job. So thank you very much for that. I
5 can speak on behalf of all my colleagues how happy we are to
6 see that in court.

7 So with that, Mr. Barefoot, just an abundance of
8 caution. Anything else you wanted to add before we are
9 adjourned?

10 MR. BAREFOOT: No, Your Honor. Thank you for your
11 time today.

12 THE COURT: All right. Thank you very much. And
13 obviously we appreciate any and all of the updates that
14 we're getting about the status of things for confirmation.
15 And to the extent that I can be of any assistance in trying
16 to make things run smoothly, please let us know. I know
17 somebody called the other day about how to handle PowerPoint
18 presentations. Of course I'm exactly the wrong person to
19 ask about that. But there are people who are exactly the
20 right people. So I think we put you al in touch with folks
21 on that. But obviously anything that comes up, logistical
22 or otherwise that we can be helpful for, just give a holler.

23 All right. With that, the Court is adjourned.

24 Thanks so much.

25 (Whereupon these proceedings were concluded at

1 11 : 46 AM)

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C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing
transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

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Date: February 9, 2024